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VERNON PARISH WATER AND SEWER  
COMMISSION NO. 1

FINANCIAL STATEMENTS

May 31, 1983

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Release Date 11-19-83

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# ELLIOTT & ASSOCIATES, INC.

*A Professional Accounting Corporation*

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## UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Vernon Parish Water and Sewer Commission No. 1  
New Llano, Louisiana:

I have audited the accompanying general-purpose financial statements of the Vernon Parish Water and Sewer Commission No. 1 as of and for the year ended May 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Vernon Parish Water and Sewer Commission No. 1's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Parish Water and Sewer Commission No. 1 as of and for the year ended May 31, 2003, and the results of its operations and cash flows for its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated October 31, 2003, on my consideration of the Vernon Parish Water and Sewer Commission No. 1's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the Vernon Parish Water and Sewer Commission No. 1 taken as a whole. The accompanying financial information listed as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Vernon Parish Water and Sewer Commission No. 1. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Elliott + Assoc. "APAC"*  
Bossierville, Louisiana  
October 31, 2003

# ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Louisville, Louisiana 70001-1287

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Rev. 209-1284

W. Michael Elmer, CPA

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### Board of Commissioners

Vernon Parish Water and Sewer Commission No. 1

New Orleans, Louisiana:

I have audited the financial statements of the Vernon Parish Water and Sewer Commission No. 1 as of and for the year ended May 31, 2003, and have issued my report thereon dated October 31, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Vernon Parish Water and Sewer Commission No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Vernon Parish Water and Sewer Commission No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of Management, others within the organization, the Vernon Parish Water and Sewer Commission No. 1, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties.

*Elliott & Assoc. "APAC"*

Louisville, Louisiana  
October 31 2003

VERNON PARISH WATER AND SEWER COMMISSION NO. 1  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended May 31, 2003

I have audited the financial statements of Vernon Parish Water and Sewer Commission No. 1 as of and for the year ended May 31, 2003, and have issued my Report thereon dated October 31, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of May 31, 2003 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance  
Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No  
Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial  
Statements ☒ Yes ☐ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☐ No ☒ N/A  
Reportable Conditions ☐ Yes ☐ No ☒ N/A

Type of Opinion On Compliance For Major Programs

Unqualified ☐ qualified ☐  
Disclaimer ☐ Adverse ☐  
N/A ☒

Are their findings required to be reported in accordance with  
Circular A-133, Section .510(a)?

☐ Yes ☐ No ☒ N/A

c. Identification of Major Programs

CPDA Number(s)

Name of Federal Program

None

None

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?

☐ Yes

☐ No

☒ N/A

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

See independent auditor's report.



## VERNON PARISH WATER AND SEWER COMMISSION NO. 1

## BALANCE SHEET

May 31, 2003

ASSETS

## Current assets:

Cash and cash equivalents (Note 2)	\$ 71,782
Receivables	
Interest	880
Accounts	90,481
Inventory, at cost	14,462
Prepaid expenses	<u>6,384</u>
Total current assets	<u>183,869</u>

## Restricted assets:

Cash and cash equivalents (Note 2)	<u>458,128</u>
Total restricted assets	<u>458,128</u>

## Fixed assets (Note 3):

Land	23,661
Buildings	105,075
Improvements other than buildings	1,127,324
Furniture, vehicles, and equipment	197,479
Less: accumulated depreciation	<u>(43,523,085)</u>

Fixed assets (net of accumulated depreciation)	<u>1,923,444</u>
------------------------------------------------	------------------

Bond insurance costs	74,363
Less: accumulated amortization	<u>(32,367)</u>

Bond insurance costs (net of accumulated amortization)	<u>42,006</u>
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Total assets	<u>\$ 2,813,387</u>
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The accompanying notes are an integral part of this statement.

LIABILITIES AND EQUITY

## Current liabilities:

Accounts payable	\$	5,722
Sales tax payable		798
Payroll taxes payable		<u>4,752</u>
Total current liabilities		<u>11,272</u>

## Current liabilities payable from restricted assets:

Current maturities - water revenue refunding bonds (Note 4)		18,000
Customer deposits		83,388
Accrued interest payable (Note 4)		<u>14,400</u>
Current taxable excess revenue refunding bonds payable (Note 4)		<u>79,000</u>

Total current liabilities payable from restricted assets		<u>194,788</u>
----------------------------------------------------------	--	----------------

## Long-term liabilities (Note 4):

Taxable excess revenue refunding bonds (net of current maturities)		481,888
Water revenue refunding bonds - Series 2002 (net of current maturities)		<u>625,800</u>

Total long-term liabilities		<u>1,107,688</u>
-----------------------------	--	------------------

Total liabilities		<u>1,308,896</u>
-------------------	--	------------------

## Equity:

## Retained earnings:

Reserved for customer deposits		83,488
Reserved - revenue refunding bonds and refunding taxable excess revenue refunding bonds debt service (Note 4)		<u>389,396</u>
Unreserved		<u>1,214,437</u>

Total retained earnings		<u>1,697,321</u>
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Total equity		<u>1,697,321</u>
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Total liabilities and equity		<u>\$ 3,006,217</u>
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Exhibit B

VERNON PARISH WATER AND SEWER COMMISSION NO. 1  
Statement of Revenues, Expenses and Changes in Retained Earnings  
For the year ended May 31, 2003

Operating revenues:

Charges for sales and services:	
Water sales	\$ 869,171
Service connection fees	11,188
Penalty and reconsement fees	18,901
Miscellaneous income	<u>7,421</u>
Total operating revenues	<u>896,681</u>

Operating expenses:

Current:	
Salaries and related benefits	269,224
Depreciation (Note 3)	116,468
Utilities and telephone	84,393
Repairs and maintenance	71,691
Insurance	18,953
Office expenses	19,277
Engineering fees	8,257
Legal and professional	27,708
Truck expenses	9,116
Supplies	4,817
per diem of board members	3,560
Miscellaneous	4,140
Uniform service	4,836
Amortization	9,154
Land lease expense	1,855
Bank charges	<u>288</u>
Total operating expenses	<u>650,182</u>

Operating income 246,499

Nonoperating revenues (expenses):

Interest income	7,496
Interest expense (Note 4)	(61,533)
Gain on sale of truck	<u>2,026</u>

Total nonoperating revenues (expenses) (51,011)

Net income 89,515

Retained earnings, beginning 1,294,016

Retained earnings, ending \$ 1,303,531

The accompanying notes are an integral part of this statement.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1  
Statement of Revenues, Expenses and Changes in Retained Earnings  
Budget and Actual (GAAP Basis)  
For the year ended May 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Charges for sales and services:			
Water sales	\$ 625,000	\$ 669,171	44,171
Service connection fees	10,000	11,100	1,100
Penalty and reconnect fees	25,000	28,951	3,951
Miscellaneous income	1,000	7,421	6,421
Total operating revenues	<u>661,000</u>	<u>716,643</u>	<u>45,643</u>
Operating expenses:			
Salaries and related benefits	186,792	209,224	122,432
Depreciation (Note 3)	114,000	116,466	1 2,466
Utilities and telephone	98,800	94,253	1,247
Repairs and maintenance	70,000	71,021	11,021
Insurance	16,800	18,953	1 3,153
Office expense	12,800	11,279	721
Legal and professional	20,000	23,798	323
Truck expense	11,000	9,118	1,884
Supplies	13,800	4,017	9,183
Per diem of board members	3,600	3,800	40
Miscellaneous	9,900	4,343	5,556
Uniform service	5,500	4,024	544
Amortization	1,218	8,194	14,018
Land lease expense	1,500	1,855	1 355
Engineering fees	---	8,267	18,267
Bank charges	312	200	21
Total operating expenses	<u>520,240</u>	<u>555,162</u>	<u>134,922</u>
Operating income	<u>125,760</u>	<u>151,531</u>	<u>21,771</u>
Nonoperating revenues (expenses):			
Gain on truck sale	---	3,026	3,026
Interest income	8,000	7,490	1 510
Interest expense (Note 4)	<u>185,310</u>	<u>161,512</u>	<u>23,468</u>
Total nonoperating revenues (expenses)	<u>177,000</u>	<u>152,004</u>	<u>24,996</u>
Net income	<u>12,760</u>	<u>99,525</u>	<u>44,765</u>
Retained earnings, beginning	<u>1,216,016</u>	<u>1,216,016</u>	<u>---</u>
Retained earnings, ending	<u>\$1,228,776</u>	<u>1,285,541</u>	<u>44,765</u>

The accompanying notes are an integral part of this statement.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1  
Statement of Cash Flows  
For the year ended May 31, 2003

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 181,528
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	128,628
Changes in assets and liabilities:	
Accounts receivable	(38,652)
Other current assets	18,018
Accounts payable	(18,308)
Customer deposits	8,095
Other current liabilities	<u>(182)</u>
Net cash provided by operating activities	<u>231,287</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
<u>0.00</u>	
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition of property, plant, and equipment	( 84,284)
Proceeds from issuance of debt	0.00
Payments of general obligation bonds and other indebtedness	(89,874)
Interest paid on long-term debt	<u>(68,736)</u>
Net cash used by capital financing activities	<u>(233,921)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>1,330</u>
Net cash provided by investing activities	<u>1,330</u>
Increase in cash	18,646
Cash, beginning of fiscal year	<u>511,231</u>
Cash, end of fiscal year	<u>\$ 529,877</u>
<b>CLASSIFIED AS</b>	
Current Assets	\$ 51,981
Restricted Assets	<u>477,896</u>
<b>TOTALS</b>	<u>\$ 529,877</u>

The accompanying notes are an integral part of this statement.

## Notes to the Financial Statements

May 31, 2003

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vernon Parish Police Jury is a political subdivision of the State of Louisiana. The Vernon Parish Police Jury is the reporting entity for Vernon Parish as defined by NGA Statement 3, (Defining the Governmental Reporting Entity).

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governments. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local governments.

Vernon Parish Water and Sewer Commission No. 1, "Commission," is a component unit of the Vernon Parish Police Jury as defined by GASB codification Section 2100. The Commission was created by the Vernon Parish Police Jury as authorized by Louisiana Revised Statutes 33:2811-21. The Commission is governed by a board of five commissioners appointed by the Vernon Parish Police Jury, who are responsible for providing water service within the boundaries of the district.

**A. FUND ACCOUNTING**

The Commission is organized and operated on a fund basis as a Proprietary Fund Type-Enterprise Fund. In an enterprise fund the accrual basis of accounting is utilized and revenues are recognized when earned and expenses are recognized when incurred. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Notes to the Financial Statements

May 31, 2002

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. CASH AND CASH EQUIVALENTS**

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of three months or less. Under state law, the commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana, or U.S. bonds, treasury bills and notes, or certificates.

**C. RESTRICTED ASSETS**

Certain proceeds of the Enterprise Fund revenue bonds as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The restricted assets include revenue bond reserve accounts and customer meter deposits.

**D. ACCOUNTS RECEIVABLE WRITE-OFF METHOD**

The Commission has adopted a write off policy wherein any account that is deemed uncollectible is written off directly when the account's collection efforts have been deemed unsuccessful.

**E. FIXED ASSETS AND LONG-TERM LIABILITIES**

The fixed assets and long-term liabilities of the water and sewer commission are accounted for on the balance sheet of the Enterprise Fund. The fixed assets of the commission as shown on the balance sheet are recorded at historical cost. Depreciation is computed by the straight line method based on the estimated useful life of the individual assets.

## Notes to the Financial Statements

May 31, 2003

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**F. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1998. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**G. BUDGETARY PRACTICE**

The Commission utilizes the following budgetary practice:

Annually the Commission adopts a budget for the Enterprise Fund as a management device for control of revenues and expenses. The budget is amended at various times during the year as the need arises. A comparison of budgeted revenues and expenses versus actual is included with the accompanying statements.

**H. INVENTORY**

Inventories are valued at cost. Inventories in the Enterprise Fund consist of expendable supplies held for use in repairs and extending water mains of the water and sewer district. The cost is recorded as an expense at the time the item is purchased. At year end the physical inventory is adjusted to expenses and carried on the balance sheet as a current asset.



## Notes to the Financial Statements

May 31, 2003

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**I. RETIREMENT COMMITMENTS**

All employees of the Commission are members of the federal social security system. The commission contributes 7.65% of gross salaries up to appropriate statutory limits to that system. The Federal Social Security System administers the plan and pays benefits.

**J. BOND ISSUANCE COSTS**

Amortization of bond issuance costs is computed on the straight-line method over thirty years.

NOTE 2--CASH AND CASH EQUIVALENTS

Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At May 31, 2003, the commission has cash and cash equivalents totaling \$521,260 as follows:

Interest-bearing demand deposits	\$486,197
Time deposits	<u>15,361</u>
Total	<u>\$521,260</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at May 31, 2003, are secured as follows:

VERNON PARISH WATER AND SEWER COMMISSION NO. 1

Notes to the Financial Statements

May 31, 2003

NOTE 2--CASH AND CASH EQUIVALENTS (Continued)

Bank balances	<u>\$112,442</u>
Federal deposit insurance	\$100,000
Pledged securities (Category 3)	<u>112,442</u>
Total	<u>\$312,442</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 1, Louisiana Revised Statute 38:1228 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the commission that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3--CHANGES IN FIXED ASSETS

Fixed assets are recorded at cost or estimated cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful life of the various classes of assets.

The following is a summary of changes in fixed assets as of May 31, 2003:

	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than buildings</u>	<u>Furniture, fixtures, &amp; equipment</u>	<u>Total</u>
Balance, June 1, 2002	\$21,461	\$109,875	\$ 3,054,847	\$173,723	\$3,359,906
Additions	---	---	38,477	25,777	64,254
Deletions	---	---	---	---	---
Balance, May 31, 2003	21,461	109,875	3,127,324	187,479	3,446,139
Less: Accumulated depreciation	---	<u>(80,832)</u>	<u>(1,322,373)</u>	<u>(148,224)</u>	<u>(1,551,029)</u>
Net fixed assets	<u>\$21,461</u>	<u>\$ 29,043</u>	<u>\$ 1,804,951</u>	<u>\$ 39,255</u>	<u>\$1,900,710</u>

VERNON PARISH WATER AND SEWER COMMISSION NO. 1

Notes to the Financial Statements

May 31, 2003

NOTE 1--CHANGES IN FIXED ASSETS (Continued)

The following estimated useful lives are used to compute depreciation:

Buildings	15-30 years
Improvements other than buildings	5-40 years
Furniture, fixtures, and equipment	3-7 years

NOTE 2--CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Vernon Parish Water and Sewer Commission No. 1 for the year ended May 31, 2003:

	Water Revenue Refunding Bonds-Series _____1999____	Rural Dev. Revenue Bonds _____2000____	Taxable Revenue Excess Refunding Revenue Bonds Series Series _____2002____	_____2002____	Totals
Debt payable, June 1, 2002	\$ 626,000	\$626,874	\$ ---	---	\$ 1,260,874
Debt retired (626,000)	(626,000)	(626,874)	---	---	(1,260,874)
Debt incurred	_____---	_____---	251,000	640,800	1,131,210
Debt payable May 31, 2003	\$ _____	\$ _____	\$ 251,000	640,800	\$ 1,131,210

The long-term debt payable at May 31, 2003 is comprised of the following issues:

\$251,000 Taxable Revenue Excess Refunding series 2002,  
April 1, 2002; due in annual installments  
of \$149,611 through September 1, 2009;  
interest at 4.104 - administered by two Deridder, Louisiana  
banks.

554,800

## Notes to the Financial Statements

May 11, 2003

NOTE A--CHANGES IN LONG-TERM DEBT (Continued)

Water Revenue Refunding Bonds, series 2002  
 \$440,000 Revenue Refunding Bonds dated  
 September 1, 2002 due in average annual installments of  
 \$47,250 through September 1, 2015;  
 interest at 5.25%

\$ 440,000

Total \$1,291,000

The \$623,000 outstanding balance at May 11, 2003 for the Water Revenue Refunding Bonds, Series 1998, dated December 1, 1998 was refinanced on September 3, 2002 in the following manner:

Outstanding Water Revenue Refunding Bonds,  
 Series 1998 \$623,000

Accrued interest since May 1, 2002 13,738

Total payment \$636,738

Proceeds derived to pay off the above bond issue were as follows:

Sinking Fund monies held by Vernon Parish Water  
 and Sewer Commission No. 1 and utilized to pay  
 off outstanding series 1998 bonds \$ 85,350

New Issue of Taxable Excess Revenue Refunding  
 Bonds dated September 1, 2002 described further  
 below 551,388

Total proceeds \$636,738

VERNON PARISH WATER AND SEWER COMMISSION NO. 1

Notes to the Financial Statements

May 31, 2003

NOTE 4--CHANGES IN LONG-TERM DEBT (Continued)

The annual requirement to amortize the above bond issues are as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 78,000	\$ 14,806	\$ 92,806
2005	78,000	29,341	107,341
2006	78,000	24,888	102,888
2007	78,000	20,313	98,313
2008	81,000	18,494	99,494
2009-2013	<u>173,800</u>	<u>15,921</u>	<u>189,721</u>
Total	<u>\$661,800</u>	<u>\$102,752</u>	<u>\$764,552</u>

The \$814,874 outstanding balance at May 31, 2003 for the \$730,080 issue of Waterworks Revenue Bonds dated January 16, 1988 was refinanced on September 3, 2002 in the following manner:

Outstanding balance at May 31, 2003	
of current bonds	\$634,874
Accrued interest since November 17, 2002	<u>32,178</u>
Total payment	<u>\$667,052</u>

Proceeds derived to pay off the above bond issue were as follows:

Sinking fund monies held by Vernon Parish Water and Sewer Commission No. 1 and utilized to pay off old outstanding issue	\$ 27,253
New issue of tax exempt water revenue refunding bonds, Series 2002 dated September 1, 2002	<u>640,800</u>
Total proceeds	<u>\$667,253</u>

## Notes to the Financial Statements

May 31, 2023

NOTE 4--CHANGES IN LONG-TERM DEBT (Continued)

The annual requirements to amortize the above bond issues are as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 16,000	\$ 16,000	\$ 32,000
2005	16,000	13,200	47,200
2006	17,000	10,450	47,450
2007	18,000	20,400	47,600
2008	19,000	28,700	47,700
2009-2014	<u>505,000</u>	<u>140,100</u>	<u>781,100</u>
Total	<u>640,000</u>	<u>324,100</u>	<u>924,100</u>

There are limitations and restrictions contained in the two bond indentures. The Vervoe Parish Water and Sewer Commission No. 1 is in compliance with all significant limitations and restrictions.

NOTE 5 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The commission carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	<u>LIMITS OF COVERAGE</u>
Workmen's compensation	\$ 500,000
Auto liability	300,000
Commercial general liability	2,000,000
Commission-owned buildings and equipment	600,000

The Commission covers all other losses, claim settlements, and judgments from operating resources. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Commission was not involved in any litigation nor did it have asserted claims lodged against it.

## SUPPLEMENTARY INFORMATION

## VINCENNE PARISH WATER AND SEWER COMMISSION NO. 1

## COMPENSATION OF BOARD MEMBERS

For the year ended May 31, 2003

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Legislature.

As provided by Louisiana Revised Statute 13:4364, the president of the board and each member received \$40 per diem, for attendance at meetings of the board.

	<u>Year ended</u> <u>May 31, 2003</u>
Susan Redmond, President	\$ 720
Joe Bailey	570
A. L. Scott	720
Lorin Mullins	720
Carney Jean Midkiff	<u>670</u>
Total	<u>\$1,380</u>

See independent auditor's report.



VERNON PARISH WATER AND SEWER COMMISSION NO. 1  
SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended May 31, 2022

**SECTION I        INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

N/A

**SECTION II       INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL  
AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

**SECTION III      MANAGEMENT LETTER**

There was no management letter with prior year audit report.

See independent auditor's report.

VERNON PARISH WATER AND SEWER COMMISSION NO. 1  
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended May 31, 2000

SECTION I	INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT N/A
SECTION II	INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS N/A
SECTION III	MANAGEMENT LETTER N/A

See independent auditor's report.